

ADVANCE COPY

[PLEASE RETURN COPY TO
TYPISTS]

FALKLANDS SELECTIVE ADVANCES (37)

FLASH

PS
PS/MR HURD
PS/MR ONSLOW
PS/PUS
PS/LORD BELSTEAD
MR BULLARD
SIR I SINCLAIR
MR GIFFARD
MR WRIGHT
MR GILLMORE
MR URE
MR BARRETT
HD/S AM D
HD/DEF D
HD/PLANNING STAFF
HD/UND
HD/NEWS D
HD/ERD
HD/PUSD
MR REED, PUSD
EMERGENCY ROOM
RESIDENT CLERK

PS/NO 10 DOWNING STREET (2 copies)
PS/S OF S DEFENCE
PS/HOME SECRETARY
PS/HOME SECRETARY (c/o NO 10 DSt)
PS/ATTORNEY GENERAL
PS/CHANCELLOR DUCHY OF LANCASTER
PS/SIR R ARMSTRONG
PS/SIR M PALLISER
PS/SIR A DUFF
MR WADE-GERY
MR FULLER
MR COLVIN
MR O'NEILL HD ASSESS-
MENTS STAFF
DIO
MR J M STEWART AUSD STAFF MOD
ADMIRAL SIR ROY HALLIDAY DGI MOD
DIRECTOR G.C.H.Q. (via Room 8)

CABINET
OFFICE

SECRET

FM WASHINGTON 270425Z MAY 82
TO FLASH FCO
TELEGRAM NUMBER 1921 OF 27 MAY
INFO IMMEDIATE UKMIS NEW YORK

YOUR TELNO 1065: FALKLANDS

1. I HAVE DELIVERED YOUR MESSAGE TO HAIG WHO IS GRATEFUL FOR THIS FRANK ACCOUNT, THOUGH CERTAINLY CONCERNED ABOUT THE WAY THINGS MAY DEVELOP WHICH HE WANTS TO DISCUSS AGAIN URGENTLY WITH ME.

2. I AM CONSCIOUS OF A GAP BETWEEN THE MOOD IN LONDON AND OPINION HERE AND WOULD LIKE TO TRY TO DESCRIBE THIS TO YOU TOGETHER WITH ITS POSSIBLE IMPLICATIONS.

3. THE AMERICANS RECOGNISE THAT THE CHANGE IN THE MILITARY SCENE HAS INEVITABLY BROUGHT ABOUT A CHANGE IN OUR ATTITUDE ABOUT WITHDRAWAL AND THE ADMINISTRATION OF THE ISLANDS. AS THEY SEE IT, WE ARE NOW INSISTING ON SURRENDER OF THE ARGENTINIAN GARRISON AND A RETURN OF BRITISH RULE WITHOUT ANY DEFINITE COMMITMENT TO AN ATTEMPT TO ACHIEVE A LONG-TERM SOLUTION - IN EFFECT WE ARE BASING

ATTEMPT TO ACHIEVE A LONG-TERM SOLUTION - IN EFFECT WE ARE BASTING OURSELVES ON A RETURN TO THE STATUS QUO ANTE.

4. THE AMERICANS BELIEVE THAT THIS:

- A) WILL HARDEN ARGENTINIAN MILITARY RESISTANCE IN THE SHORT AND LONGER TERM:
- B) WILL SOLIDIFY THE LATIN AMERICANS IN THEIR BACKING FOR ARGENTINA, NOT JUST NOW BUT IN THE FUTURE:
- C) WILL ENCOURAGE CONTINUED ARGENTINE HOSTILITIES AGAINST US, RENDERING DIFFICULT THE RESTORATION OF NORMAL LIFE ON THE ISLANDS, APART ALTOGETHER FROM THE DEMANDS THAT THIS WILL PLACE ON OUR LONG - TERM DEFENCE INTERESTS:
- D) WILL HELP THE RUSSIANS TO INCREASE THEIR INFLUENCE IN LATIN AMERICA AND,
- E) PERHAPS MOST IMPORTANT OF ALL, POSE FOR THE AMERICANS THE PROBLEM OF EITHER EXACERBATING THEIR RELATIONS WITH THE WHOLE LATIN AMERICAN WORLD OR BRINGING ABOUT A DETERIORATION IN RELATIONS BETWEEN THE U S AND THE UK.

5. I SHOULD SAY THAT THIS INTERPRETATION IS NOT SIMPLY A REFLECTION OF THE LATIN AMERICAN LOBBY IN THE STATE DEPARTMENT OR WHITE HOUSE: IT IS, I BELIEVE, A GROWING VIEW IN THE US ADMINISTRATION AND ONE THAT IS CERTAINLY LIKELY TO BECOME MORE DOMINANT IF THINGS GO ON AS THEY ARE.

6. LET ME EMPHASIZE THAT I FULLY UNDERSTAND THE STRENGTH OF FEELING AT HOME ON THIS SUBJECT. BUT, IF WE ARE GOING TO KEEP THE AMERICANS WITH US, SOMETHING THAT I BELIEVE IS ESSENTIAL, WE WILL HAVE TO MAKE SOME ALLOWANCE FOR THEIR VIEWS AND INTERESTS. I DO NOT SUGGEST THAT THEY REGRET THEIR DECISION OF 30 APRIL TO COME DOWN ON OUR SIDE, BUT THEY ARE INCREASINGLY AWARE OF THE COSTS THAT THIS IS LIABLE TO INVOLVE FOR THEM.

7. THERE IS OF COURSE AN IMMEDIATE NEED TO KEEP THE U.N. SECRETARY GENERAL IN PLAY AS LONG AS POSSIBLE SO AS TO AVOID ANOTHER MUCH LESS ACCEPTABLE RESOLUTION IN THE SECURITY COUNCIL. THERE IS ALSO THE PROBLEM OF THE FORTHCOMING OAS MEETING AND THE DILEMMA THAT THIS POSES FOR THE US. THERE IS FURTHERMORE THE LONG-TERM PROBLEM, WHICH AFFECTS BOTH THE UN AND OAS ISSUES, THAT I WANT TO PUT TO YOU. IF WE ARE TO SQUARE THE CIRCLE OF OUR REQUIREMENTS AND THE NEEDS OF THE AMERICANS, WE HAVE TO PRODUCE SOMETHING IN RELATION TO THE LONG-TERM STATUS OF THE ISLANDS THAT IS NOT SIMPLY A RETURN TO THE STATUS QUO ANTE, AND THAT DOES NOT LEAVE US IN INDEFINITE CONFRONTATION WITH ARGENTINA, AND HENCE LATIN AMERICA. I AM NOT HERE DEALING WITH THE ADMINISTRATION THAT FOLLOWS IMMEDIATELY THE MILITARY DEFEAT OF THE ARGENTINIAN GARRISON BECAUSE THIS WILL BE BRITISH. THIS WILL BE

WITH ARGENTINA, AND HENCE LATIN AMERICA. I AM NOT HERE DEALING WITH THE ADMINISTRATION THAT FOLLOWS IMMEDIATELY THE MILITARY DEFEAT OF THE ARGENTINIAN GARRISON BECAUSE THIS WILL BE BRITISH. THIS WILL BE A MATTER OF FACT. BUT IT WILL PRESUMABLY BE DESIRABLE AT A FAIRLY EARLY STAGE TO HAVE SOME SORT OF PEACE WITH THE ARGENTINIANS, AND IT IS HERE THAT THE LONG TERM ISSUE WILL ARISE.

8. SO THE QUESTION HAS TO BE FACED WHAT SORT OF PROPOSALS FOR THE FUTURE COULD WE CONSIDER PUTTING FORWARD IN THESE CIRCUMSTANCES. I SHOULD INTERJECT THAT EVEN IF WE OURSELVES DO NOT HAVE IDEAS ON THIS, I AM SURE THAT OTHERS ARE GOING TO START PROPOUNDING THEM: AND THE AMERICANS WILL TAKE THE VIEW, THAT IF WE ARE NOT PREPARED TO TACKLE THIS ASPECT A DIVERGENCE OF INTEREST WILL DEVELOP BETWEEN WASHINGTON AND LONDON. THE AMERICANS, AS YOU KNOW, INSIST THAT THE MOMENT TO ADVANCE SUCH IDEAS WILL BE WHEN WE ARE AT OUR MAXIMUM MILITARY STRENGTH.

9. COULD WE CONTEMPLATE SAYING, AS PART OF A PEACE OFFER, SOMETHING ON THE FOLLOWING LINES:

A) THE FUTURE OF THE ISLANDS MUST PROVIDE FOR RETURN TO NORMAL LIFE, WHICH IN TURN PRE-SUPPOSES PROVISION FOR THEIR LONG-TERM SECURITY.

B) THESE REQUIREMENTS COULD BE ACHIEVED BY SELF-GOVERNMENT FOR THE ISLANDERS COMBINED, FOR THE LONGER TERM, WITH SOME MEASURE OF INTERNATIONALISATION.

C) IN THE IMMEDIATE YEARS AHEAD THEIR DEFENCE AND FOREIGN POLICY INTERESTS SHOULD BE SAFEGUARDED BY SOME INTERNATIONAL GROUP COMPRISING SAY TWO REGIONAL POWERS, PLUS THE US AND THE UK, WITH THE PRESENCE PERHAPS OF US AND BRAZILIAN FORCES, AND

No
D) THAT, WITHOUT PREJUDICE TO THE FUTURE, IN A GIVEN NUMBER OF YEARS THIS GROUP WILL, IN KEEPING WITH THE WISHES AND INTERESTS OF THE ISLANDERS, MAKE PROPOSALS ABOUT THE STATUS OF THE FALKLAND ISLANDS.

10. I UNDERSTAND THE DIFFICULTY OF TRYING TO FOCUS ON THIS TYPE OF LONG-TERM PROBLEM IN THE HEAT OF BATTLE. BUT, AS I SUGGEST, I BELIEVE THAT OUR MILITARY INTERESTS WILL BE AFFECTED BY IT. I AM ALSO WORRIED BY THE POTENTIAL SWING IN AMERICAN ATTITUDES AND CONVINCED THAT THE BEST WAY OF INFLUENCING THIS WILL BE BY ENTERING INTO DISCUSSIONS, HOWEVER INFORMAL, WITH THEM ABOUT THE FUTURE. THIS CANNOT AND SHOULD NOT AT THE PRESENT TIME BE AT A HIGH LEVEL, OR INVOLVE ANYTHING REMOTELY IN THE NATURE OF A COMMITMENT. IT IS SIMPLY A QUESTION OF TRYING OUT THE GROUND AND PREVENTING THE AMERICANS FLYING OFF WITH SOMETHING THAT IS UNWELCOME TO US. WHATEVER OUR RESERVATIONS, THE AMERICANS ARE EAGER TO TEST US OUT WITH CERTAIN SUGGESTIONS. I DO NOT ASK YOU AT THIS STAGE

WHATEVER OUR RESERVATIONS, THE AMERICANS ARE EAGER TO TEST US OUT WITH CERTAIN SUGGESTIONS. I DO NOT ASK YOU AT THIS STAGE TO RESPOND TO ALL THAT HAS BEEN SET OUT ABOVE BUT, IF WE ARE TO KEEP THE AMERICANS WITH US, THERE WILL BE A NEED TO DISCUSS WITH THEM IDEAS ABOUT THE FUTURE.

HENDERSON

NNNN